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European Union

In 1986 the European Union (EU) expanded by adding 2 states to become the EU-12. The new states in the EU-12 were Denmark, France, Germany, Greece, Ireland, Italy, Netherlands, Portugal, Spain, United Kingdom, Belgium and Luxemburg. In 1995 the EU expanded by including Austria, Finland and Sweden to become the EU-15. Then on May 1, 2004, 10 New Member States (NMS) joined the EU making it now the EU-25. The 10 NMS are Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Along with the expansion of the EU recent years, the EU also reformed their Common Agricultural Policy (CAP) in June of 2003 with a phase in period possibly lasting as long as 10 years, depending on the phase in option the Member State chooses. Even though CAP does not directly affect poultry, ramifications could be felt through structural changes in the feed sector and the implementation of new environmental and animal welfare standards.

The EU is also grappling with the adoption of its first constitution. The document was signed by EU leaders in October, 2004 and needs to be approved by the 25 parliaments of the recently expanded union. At least nine of the nations plan to put the constitution to referendum starting in 2005. A goal of the EU's leaders is to use the new constitution to raise the EU's profile on the world stage.

Poultry

In the short term, poultry production, after being reduced by more than 2% in 2003 due to an avian influenza (AI) out break in the Netherlands, has been gradually recovering. In response to previous AI problems and AI problems in South East Asia, The EU Commission proposed in 2004 a more detailed AI survey across member states that will be used to help develop an early warning system for H5 and H7 subtypes that might be introduced into poultry from wild birds.

For 2003, USDA/FAS estimated chicken production for the EU-15 to be at 7,520,000 metric tons (mt) with an improvement forcast at estimated 7,745,000 mt in 2005, an increase of 3%. In the NMS, chicken production is expected to increase as producers take advantage of the higher prices in the EU-15. The increased purchases may consist of white chicken breast meat due to consumer preferences. From 1980-2004 the EU, outside of member states, lost almost half of its world export market share to countries in Asia and South America. The bulk of the EU-25's January through June, 2004 broiler meat exports, outside of member states, have gone so far to the Ukraine, Saudi Arabia, Russia and Yemen.

Imports are expected to decrease significantly in 2004 from Brazil due to the closing of a tariff loophole on salted poultry meat. Imports may also decrease from South East Asia due to AI, even though they are allowed to export cooked product. Overall, imports are expected to drop 9% in 2004. In 2005, imports are expected to improve as Brazil channels more exports into cooked products and South East Asia recovers from AI, however others expect a 2% drop in 2005. Imports into the NMS from outside of the EU-25 may be affected by their implementation of the EU's sanitary standards.

The EU-25 medium term outlook for net poultry meat production is expected to increase marginally from 2004's projections 11,077,000 mt to 11,816,000 in 2011. Per capita consumption is expected to increase in the EU-25 from 23.3 in 2004 to 24.5 in 2011. The biggest increases are expected in the NMS which are expected to increase per capita consumption from 22.1 in 2004 to 24.8 in 2011 compared to an increase in the EU-15 from 23.5 in 2004 to 24.4 in 2011.

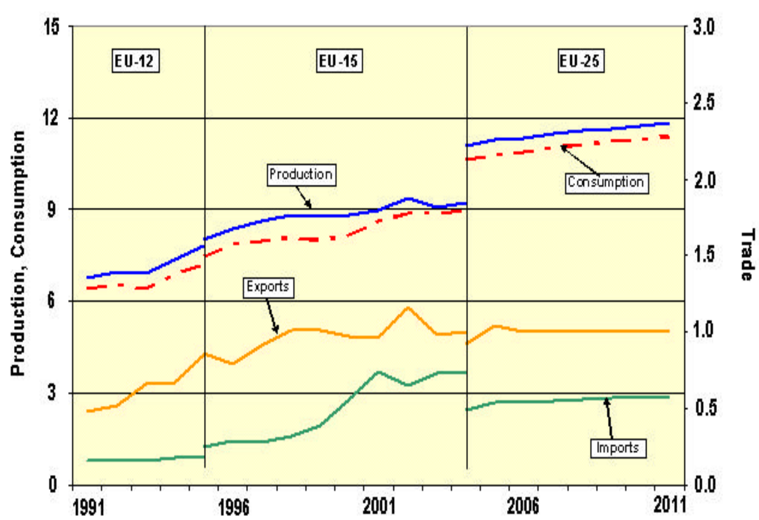
In 2003, the AI problems in chickens caused processors to substitute the cheaper turkey for other poultry items resulting in increased turkey consumption. Increased turkey imports were also noted from Brazil in 2003. Imports from Brazil will decrease due to new import regulations on salted poultry meat. Meanwhile, consumption is expected to gradually increase. In 2004 and 2005 turkey production increases in NMS are expected to offset declining production in the EU-15, most notably France. Turkey exports outside of the EU-25 typically go to Russia and, to a lesser extent, Africa.

The preliminary draft of the 2005 EU Proposed Agricultural Spending budget for pig meat, eggs, and poultry showed a rise in spending of 22 million EUR from 175 million EUR in 2004 to a proposed budget of 197 million EUR. Export restitutions for the EU-15 for poultry increased in 2003 to 500 Euro/ton, the highest level since 1995, with the exception of a one month increase in poultry restitutions to Russia in September, 2002. The NMS in 2004 so far have chosen to sell their meat within the EU and not take advantage of export restitutions.

EU Poultry Export Refunds (Million ECU/EUR)
(European Agricultural Guidance And Guarantee Fund Expenditures)

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
160	250	214	172	127	71	77	93	73	52	71	94

(ECU: the unit of exchange before euros)
Source: European Commission



Sources: European Commission, USDA/FAS, FAO and various other sources

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Inspected Egg Products-U.S. & Canada Export/Import Trade

U.S. Exports to Canada, in Pounds (000) (Preliminary)

Week Ending October 30, 2004			Year-To-Date	
TYPE	2004	2003 1/	2004 2/	2003
Liquid	587	408	14,769	14,400
Frozen	25	0	36	96
Dried	6	0	604	471
Total	618	408	15,409	14,967

U.S. Imports From Canada, in Pounds (000) (Preliminary)

Week Ending October 30, 2004			Year-To-Date	
TYPE	2004	2003 1/	2004 2/	2003
Liquid	87	59	7,137	4,783
Frozen	3	82	1,463	3,064
Dried	40	0	1,893	1,063
Total	130	141	10,493	8,910

Inspected Shell Eggs

U.S Exports To Canada, In 30-Dozen Cases (Preliminary)

Week Ending October 30, 2004			Year-To-Date	
TYPE	2004	2003 1/	2004 2/	2003
Jumbo	0	0	392	404
Extra Large	1,510	1,050	158,844	27,052
Large	4,262	5,110	322,880	109,806
Medium	3,664	1,610	108,498	52,142
Ungraded	13,270	7,200	288,406	165,578
Misc	0	0	16,790	14,222
Total	22,706	14,970	895,810	369,204

1/ Comparable Week, to-date figures may not total due to rounding.
2/ Includes revisions to previous week(s).
Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section
Source: USDA/AMS Poultry Programs, Market News Branch.

LIVE POULTRY SLTRD UNDER INSPECTION W/E 30-Oct-04
(PRELIMINARY)

U.S. FOWL SLAUGHTERED DOMESTICALLY

	LIGHT HENS	HEAVY HENS	TOTAL HENS
	THOUSANDS		
Head	1,433	1,519	2,952
Last Week	1,462	1,501	2,963
Same week yr ago	1,093	1,314	2,407
To-date/2004	58,774	58,544	117,318
To-date/2003	62,531	60,493	123,024

U.S. FOWL SLAUGHTERED IN CANADA

	LIGHT HENS	HEAVY HENS	TOTAL HENS
	THOUSANDS		
Head	371	7	378
Last Week	379	20	399
Same week yr ago	175	0	175
To-date/2004	10,473	126	10,599
To-date/2003	9,884	137	10,021

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

TOTAL U.S. FOWL SLAUGHTERED IN THE U.S. AND CANADA

	LIGHT HENS	HEAVY HENS	TOTAL HENS
	THOUSANDS		
Head	1,804	1,526	3,330
Last Week	1,841	1,521	3,362
Same week yr ago	1,268	1,314	2,582
To-date/2004	69,247	58,670	127,917
To-date/2003	72,415	60,630	133,045

Source: USDA/AMS Poultry Programs, Market News Branch

CENTRAL REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE CENTRAL REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

Nov 05, 2004

CHICKEN —— PRICES (Cents per Pound) ———— VOLUME ——

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	-	-	-
WTD AVERAGE				

CHICKEN, WITH SKIN ADDED

—— PRICES (Cents per Pound) ———— VOLUME ——

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	14.50-19.00	81,600	-
WTD AVERAGE		16.75		
15-20%				
RANGE	13.75-22.00	11.00-18.00	2,891,600	1,288,000
WTD AVERAGE	17.21	12.49		
20% OR MORE				
RANGE	-	-	-	-
WTD AVERAGE				

* INCLUDES THE STATES of AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

EASTERN REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE EASTERN REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

Nov 05, 2004

CHICKEN —— PRICES (Cents per Pound) ———— VOLUME ——

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	-	-	-
WTD AVERAGE				

CHICKEN, WITH SKIN ADDED

—— PRICES (Cents per Pound) ———— VOLUME ——

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	18.50	18.75-22.00	568,000	208,000
WTD AVERAGE	18.50	21.28		
15-20%				
RANGE	17.00-27.00	18.50-20.00	2,866,000	2,546,000
WTD AVERAGE	20.51	19.44		
20% OR MORE				
RANGE	-	17.50	120,000	-
WTD AVERAGE		17.50		

* INCLUDES THE STATES of CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

NATIONAL YOUNG TURKEY PARTS AND BULK MEAT, FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 05 NOVEMBER 2004.

The market tone on fresh tom breast meat was mostly steady. Demand moderate to good, mostly moderate. Offerings light to adequate with instances of increased availability noted. The fresh destrapped tenderloin market tone was steady to fully steady. Demand moderate to good for the light to instances adequate offerings. The market tone on wing meat with skin was steady to instances firm with frozen in the strongest position. Demand moderate to good. Offerings ranged from short to instances adequate with a few noting supplies not as tight as previous weeks. The market tone on breast trim and scapula was fully steady. Demand fair to good with offerings short of buyers' needs. Trading centered on moderate volumes of fresh tom breast meat and destrapped tenderloins, balance slow. For domestic (fresh): breast trim 132-146 mostly 132-137, scapula 113-134 mostly 121, frozen +12 months age frozen destrapped tenderloins 156 cents delivered. Fresh thigh meat traded at 87 cents delivered export.

FRIDAY, NOVEMBER 05, 2004

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
DRUMSTICKS, TOMS	38.00		38.00	40	39.33	120
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM						
TAILS	22.00		22.00	104	23.67	144
MECHANICALLY SEPARATED 2/	18.50-20.50		19.06	144	20.82	448
THIGH MEAT - FROZEN	78.00		78.00	104	80.06	248

THURSDAY, NOVEMBER 04, 2004

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		W	40.00	80
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS	28.00		28.00	40
MECHANICALLY SEPARATED 2/	21.00-22.00		21.54	224
THIGH MEAT - FROZEN	83.00		83.00	40

WEDNESDAY, NOVEMBER 03, 2004

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	40.00		40.00	80
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS				
MECHANICALLY SEPARATED 2/	22.00		22.00	80
THIGH MEAT - FROZEN		T	81.00	104

TUESDAY,NOVEMBER 02, 2004

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		F	39.00	40
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS				
MECHANICALLY SEPARATED 2/		F	19.71	512
THIGH MEAT - FROZEN	81.00		81.00	104

MONDAY,NOVEMBER 01, 2004

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		F	39.00	40
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS		M	22.00	208
MECHANICALLY SEPARATED 2/		F	19.71	512
THIGH MEAT - FROZEN		F	79.74	184

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY
2/ Product contains 15-20% fat with skin added.